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Office of Attorney General
Consumer Protection Division
33 Capitol Street
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Pursuant to requirements as specified under N.H. Rev. Stat. § 358-C:20, we are writing to notify your office that on July 17, 2007, a theft of a data storage device was reported at the Merrill Lynch Plainsboro, New Jersey Corporate Office. The incident was reported to law enforcement officials. After an extensive search and investigation, it was determined that the storage device contained the personal information of certain current and former Merrill Lynch employees who are residents of New Hampshire. The information included: employee name, Social Security number, Merrill Lynch employee identification number, and other compensation related data. No client data was affected as a result of this matter. Also, there were no home addresses, no birthdates, no account numbers, no credit or debit card numbers, and no beneficiary/benefits-related information on the hard drive. We have no evidence that any of the personal information contained on the storage device has or will be improperly accessed or used. In addition, the data on the storage device is not accessible without the use of specific software and extensive technical expertise. A letter of notification will be delivered to all New Hampshire individuals involved in this incident on or about August 7, 2007.

If I can be of further assistance, please let me know.

Very truly yours,

Merrill Lynch
P.O. Box 44000
New Brunswick, NJ 08906-4000



Important Notice

7 August 2007

From SVP Navtej S. Nandra, Chief Operating Officer and Head of Strategy, Global Private Client

Theft of Computer Back-Up Device

The protection of personal and financial information is of the utmost importance to Merrill Lynch. Despite our continued efforts, a device containing confidential employee information, including yours, was recently reported stolen from a Merrill Lynch office.

The information included name, Social Security number, and compensation related data. It did not contain information on home addresses, birthdates, account numbers, benefits or beneficiary information.

No client information was contained on the device.

We have no evidence that the device has been compromised or that any of your information has been, or will be, misused. The device contains very sophisticated security hardware and software. After consulting extensively with our information security team, including technical forensic experts and the manufacturer of this equipment, we believe that the chances of anyone accessing the data are extremely remote.

We are actively investigating this incident and working with the appropriate law enforcement agencies. While we believe the chances of the data being compromised are extremely remote, we are proceeding with caution given the nature of the information. As an additional precautionary safeguard, we are also offering free credit monitoring to all affected employees.

For more information on how to activate the free credit monitoring, please read the enclosed memo on *Enhancing the Security of Your Personal and Financial Information*.

An FAQ on this incident is also enclosed.

Please understand that for ongoing security reasons we are not at liberty to discuss some details.

We sincerely regret that this has occurred and, if any of your information is misused, Merrill Lynch will work closely with you and the appropriate authorities.

Navtej

Enhancing the Security of Your Personal and Financial Information

In order to enhance the security of your personal and financial information, you may want to consider the following steps.

One-year Free Membership In Credit Monitoring Service

Merrill Lynch has arranged for you to be provided with a one-year complimentary membership in the Triple AdvantageSM credit monitoring, which is a third party product provided by ConsumerInfo.com, Inc., an Experian[®] company. The Triple Advantage credit monitoring provides:

- **Unlimited access** to the individual's Experian Credit Report and PLUS Credit ScoreSM
- **Daily monitoring** of all three national credit reports and e-mail alerts if key changes are detected
- **Personal assistance** from a fraud resolution representative if the individual were to become a victim of Identity Theft

To activate your Triple Advantage membership, you need to visit <http://partner.consumerinfo.com/ml>, where you can read more about the service. Your membership will be governed by Triple Advantage terms and conditions. To initiate membership: click **Sign Up Now**; enter your information; click **Submit & Continue**; enter the remaining information and your personal activation code (see below); and click **Submit to Secure Order**.

- The Credit Monitoring Personal Activation Code assigned to you is:

If you do not activate your membership within ninety (90) days, then the above activation code will be disabled.

The Triple Advantage Credit Monitoring Service also includes ID Theft Insurance. This policy covers up to \$50,000 in expenses related to certain recovery expenses, lost wages and legal costs in cases of identity theft. Due to changes in New York state law, this coverage is not available to New York residents through the Virginia Surety Company, Inc. (the company which offers the insurance feature of the Triple Advantage credit monitoring product). However, Merrill Lynch will provide separate coverage to New York residents under equivalent terms.

Over >

Security Precautions

Regardless of whether you obtain the one-year complimentary membership in the credit monitoring, as a precautionary measure, Merrill Lynch recommends the following steps to further increase the level of security associated with your personal information.

First, **notify the three major credit bureaus** to request that they flag your credit report/file with a fraud alert, and to obtain information on requesting your free credit reports. Fraud alert messages notify potential credit grantors to verify your identification before extending credit in your name in case someone is using your information without your consent. The three major credit bureaus are: TransUnion, 1-800-680-7289; Equifax, 1-800-525-6285; and Experian, 1-888-397-3742.

Second, **establish a Telephonic Security Code (TSC)**. We recommend as a general best practice that a secondary layer of personal security for your Merrill Lynch brokerage-related account(s) be established via a Telephonic Security Code (TSC). The TSC is an additional password/PIN that is a personally selected series of numbers/letters that will be required in order to obtain any information or transact through the Merrill Lynch Call Center. Please contact the Merrill Lynch Call Center at (1-800) MERRILL for further information and instructions.

Third, **monitor your Merrill Lynch and any additional account(s)** that you may have with other financial institutions to prevent or detect the occurrence of any unauthorized/fraudulent activity. You may also wish to consider notifying any other institution(s) in which you maintain an account. As a general precautionary measure, you should regularly update online passwords and PINs and never share such information with other individuals.

Additional Information

For more information about privacy and identity theft, please visit the **Privacy & Security** link on www.ml.com at http://ml.com/index.asp?id=7695_69068. Additionally, you may also find pertinent information at <http://www.ftc.gov/idtheft>. For any additional inquiries, please call the Merrill Lynch Employee Service Center at 1-888-334-0025.

Frequently Asked Questions Regarding the Personal Information Security Alert

1. What happened? When did this occur?

On July 17, 2007 a device was reported stolen at the Merrill Lynch Plainsboro, New Jersey Corporate Office. The theft was reported to Merrill Lynch Security as well as to the local Police Department.

2. What has been happening since the theft was discovered?

After discovering the theft, we reported the matter to the police, conducted our internal search and completed an analysis to determine precisely what information was on the device. We have also been consulting with technical experts to determine the risk of the data being accessed, arranging for credit monitoring for employees and taking other necessary steps to provide accurate information to affected employees.

3. What information was contained on the device?

The device contained the personal information of certain current and former Merrill Lynch Global Wealth Management employees including: employee name, Social Security number, Merrill Lynch employee identification number, last date of hire and other general employment and compensation related data (excluding commissions). The Financial Advisor compensation information was limited to annual draw.

IMPORTANT: There were no account numbers, addresses, credit/debit card numbers, birth dates or beneficiary/benefits-related information on the device. In addition, no client data was affected as a result of this matter.

4. How can I be assured that my information cannot be accessed?

Although there are no guarantees, it is important to note that the device contains very sophisticated security hardware and software. After consulting extensively with our information security team, including technical forensic experts and the manufacturer of this equipment, we believe that the chance of anyone accessing the data is extremely remote.

5. What is Merrill Lynch doing about this?

We have conducted a very thorough internal investigation and the incident has been reported to law enforcement officials. Although we believe that the chance of anyone accessing the information is extremely remote, we are recommending that employees take certain steps to increase the level of security associated with their personal and financial information.

Merrill Lynch is offering you a complimentary one-year membership in Triple AdvantageSM credit monitoring. This credit monitoring service is a third-party product provided by ConsumerInfo.com Inc., an Experian[®] company.

The Triple AdvantageSM credit monitoring product provides the following:

- Unlimited access to your Experian Credit Report and PLUS Credit ScoreSM
- Daily monitoring of all three of your national credit reports and email alerts if key changes are detected
- Personal assistance from a fraud resolution representative if you are to become a victim of Identity Theft
- Triple Advantage Credit Monitoring also includes ID Theft Insurance. This policy covers up to \$50,000 in expenses related to certain recovery expenses, lost wages and legal costs in cases of identity theft. Due to changes in New York state law, this coverage is not available to New York residents through the Virginia Surety Company, Inc. (the company which offers the insurance feature of the Triple Advantage credit monitoring product). However, Merrill Lynch will provide separate coverage to New York residents under equivalent terms

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6. What does an affected individual need to do?

A. - We recommend that you sign up for the credit monitoring product:

Merrill Lynch recommends that employees sign up for the one-year complimentary membership in Triple AdvantageSM credit monitoring. This credit monitoring service is a third-party product provided by ConsumerInfo.com, Inc., an Experian[®] company. If an employee would like to sign up for this membership, he or she must activate the service within ninety (90) days from the date of the incident notification letter. To activate the Triple AdvantageSM membership, you must use your personal activation code contained in the document *Enhancing the Security of your Personal and Financial Information*. Then please visit the website <http://partner.consumerinfo.com/ml> to activate the Triple Advantage credit monitoring, and you will be instructed on how to initiate membership, which will be governed by the Triple Advantage terms of service.

B. - Contact the Three Major Credit Bureaus:

Employees can contact the three major credit bureaus to request information on obtaining free credit reports (if they choose not to sign up for credit monitoring memberships) and to discuss other options available, such as establishing a fraud alert. Fraud alert messages notify potential credit grantors to verify your identification before extending credit in your name in case someone is using your information without your consent. The three major credit bureaus are:

TransUnion: www.transunion.com or 1-800-680-7289

Equifax: www.equifax.com or 1-800-525-6285

Experian: www.experian.com or 1-888-397-3742

C. - Establish Secondary Layers of Security:

Although no Merrill Lynch individual account numbers were contained on the device, we do recommend as a general best practice that a secondary layer of security for your Merrill Lynch brokerage-related account(s) be added via a Telephonic Security Code (TSC). The TSC is an additional password/PIN that is a personally selected series of numbers/letters that will be required in order to obtain any information or transact through the Merrill Lynch Call Center. Please contact the Merrill Lynch Call Center at (1-800) MERRILL for further information and instructions.

As always, we recommend that employees monitor their Merrill Lynch account(s) and any additional accounts that they may have with other financial institutions to prevent or detect the occurrence of any unauthorized/fraudulent activity. Employees are also encouraged to notify any other institution(s) in which they maintain an account to inquire about additional security measures that they might take at each respective institution. As a general precautionary measure, employees should regularly update online passwords and PINs, and never share such information with other individuals.

7. Where can someone obtain more information to protect against identity theft and fraud?

This information is found via the Privacy & Security link on www.ml.com at http://ml.com/index.asp?id=7695_69068 or via the Federal Trade Commission's web site at <http://www.ftc.gov/idtheft>.

8. Will my information or assets held in my retirement (401k) or stock option, CMA, IRA or other brokerage accounts held with Merrill Lynch be impacted by this event?

No information regarding any accounts or assets held at Merrill Lynch was included on the device. We have coordinated with our Retirement Group with respect to the security of employees' 401k, stock option, and other benefit plan information and assets which they hold on employees' behalf. The security measures in place within the Retirement Group are sufficient to prevent unauthorized access to employees' information and assets and further enhancements are being made. In addition, there are comprehensive controls and safeguards, including password protection and numerous fraud management techniques, to minimize the risk of unauthorized access to your retirement and brokerage accounts, either online or through client contact centers.

9. Why was this data stored on a device?

The data was stored on this device for back-up purposes in the ordinary course of business. Data back-ups are necessary to provide for business recovery capabilities in the event of a business disruption. Such activities are a routine part of critical maintenance functions.

10. What is being done to prevent future incidents?

We have already taken steps to ensure increased security to avoid any recurring incidents of this kind. We have improved the physical and technological safeguards with respect to the storage of employee data, increased physical security measures in Plainsboro, New Jersey, and placed further restrictions on computer back-up devices. On an ongoing basis, we continuously review and implement enhanced protections to further safeguard all confidential client and employee information, including, but not limited to, data encryption techniques, centralization of data storage, where appropriate, and improved information security and data access controls.

11. How will I know if my data was on the device?

All affected individuals have received an email or letter notifying them of the incident. Any employees whose information was not on the device will not have received a notification.

12. If I am affected by identity theft, how will I be reimbursed for financial loss?

Employees will not be responsible for any monetary loss from any unauthorized activity in their Merrill Lynch account(s) by a third party arising from identity theft. Any loss of assets held away from Merrill Lynch arising from identity theft should be elevated to ML's fraud unit and each event will be evaluated on a case by case basis.

13. What if an individual affected by this incident would like to take advantage of the Triple AdvantageSM Credit Monitoring offer, but does not have online access/e-mail messaging access?

Online enrollment is the preferred method of enrollment for the Triple AdvantageSM Credit Monitoring service. Online enrollment provides the user with the most timely and robust service available from ConsumerInfo.com.

It is suggested that individuals without online access contact the three major credit bureaus to discuss other options may be available to them, such as establishing a fraud alert.

14. If I'm traveling or living outside the U.S, can I still register for credit monitoring?

You can register online for Triple Advantage Premium and begin monitoring your three U.S. credit files with Experian, Equifax and TransUnion – you will need Internet access, a U.S. credit file to monitor and an email address to receive alerts.

1. Please use the web site address and activation code found in the notification letter you received.
2. Please complete all the required fields on the 'sign up' pages.
3. Please register with a U.S. address that would be associated with your U.S. credit file – for authentication purposes only.

For registration assistance, please email escalationecd@consumerinfo.com or call (479) 573-7399 6am – 6pm, M-F, 8am to 5pm, weekends (Pacific Time)

15. Who do I call if I have any further questions?

For any additional inquiries, please call the Merrill Lynch Employee Service Center at 1-888-334-0025.